

SHELL OIL COMPANY

SFUND RECORDS CTR
2053578

DATE NOVEMBER 22, 1954

TO HEAD OFFICE LEGAL

FROM PACIFIC COAST AREA LEGAL

SUBJECT RUBBER PLANT
PLANCOR 611, 929 and 963

In accordance with the recent telephone conversation between Mr. Beauchamp and the writer, we have examined preliminary title reports issued by Title Insurance and Trust Company, Los Angeles, covering the properties comprising the above-designated plancors and, based upon that examination and other information elicited in conversations with representatives of the title company, we have the comments and recommendations hereinafter listed regarding the significant title problems disclosed by such examination. It is our understanding that you have received copies of these preliminary title reports and also of the plat bearing No. FT-6820 and entitled "Synthetic Rubber Project - Los Angeles, California, Defense Plant Corporation" to which references will be made in the course of this memorandum.

I. DELINQUENT TAXES

Lots 54 to 69, inclusive, comprising substantially all of Shell Chemical Corporation's Plancor 963, were sold to the State of California for nonpayment of 1952-1953 city and county taxes on the possessory interest in and improvements on such lots (see letter of October 20, 1954, accompanying preliminary title report "B"). The amount required to redeem as of October 31, 1954, exclusive of 1954-1955 taxes, was \$2,807.33.

II. EXISTING EASEMENTS**STREET EASEMENTS:**

The lots fronting upon public streets are generally subject to easements for street purposes which vary in width from 15' to 50'. By reference to Plat FT-6820 and the preliminary reports "A" and "B", it will be observed that such easements affect 190th Street on the north, James Street on the south, and Figueroa Street, Vermont Avenue and Normandie Avenue running north and south, commencing with Figueroa Street on the east. Since these streets are not incorporated within the plant sites the easements with respect thereto are of little significance and may be ignored.

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Again referring to Plat PT-6820, it will be noted that incorporated within the plant sites are Knox and Francisco Streets running east and west, and Rosemead Street (though it is not named on the plat) running north and south through Plancor 611 and Plancor 929 from 190th Street to James Street. By reference to preliminary title report "K" it will be observed that title to these streets is vested in Reconstruction Finance Corporation. Representatives of the title company have assured us that these streets have been effectively closed to public use, are now subject only to public utility easements and that Exception No.2 will be appropriately revised. If these assurances are confirmed in subsequent title reports, the street easements will present no problems other than those mentioned in the next paragraph in connection with public utility easements generally.

PUBLIC UTILITY EASEMENTS:

The plant sites are subject to the usual public utility easements for pipe lines and pole lines for water and power distribution systems. A number of such easements are held by the Metropolitan Water District of Southern California, Southern California Edison Company, or the Department of Water and Power of the City of Los Angeles. Those easements are for the most part confined to the outer boundaries of the lots and it appears that they are not of such a nature as to interfere with existing plant facilities or plant operation. However, it is our understanding that Area Land is endeavoring to establish their exact locations, insofar as it is possible to do so, that a plat showing the locations is in the process of preparation, and that it will be forwarded to you in the near future. When such plat has been completed and delivered to you we shall be glad to consider the matter further if you have any questions as to the possible impairment of the use of the plant site by reason of the existence of such public utility easements.

Another easement which is referred to in several of the preliminary reports and might give some cause for concern is that mentioned in Exception No.2 of preliminary title report "C", namely an easement for the excavation, cleaning or repairing of zanjias, ditches, flumes, pipes or other water conduits for water used for irrigation or domestic purposes, as created many years ago by a final decree in partition. We are advised by the title company that it would be very difficult to establish the ownerships of the rights created by this easement which affects several parcels, but that for an additional fee of \$200.00 to pay for a surface inspection this exception may be eliminated if the inspection

indicates that existing water facilities are adequate. Under the circumstances we have every reason to believe that if a policy is issued this exception will be eliminated.

Additional public utility easements of a possibly disturbing nature are those held by Dominguez Water Corporation. One of these is referred to in Exception No.3 of preliminary title report "C", which easement grants the right to enter the land and to develop and remove water and to "construct pumping plants". A similar easement is referred to as Exception No.2 in preliminary title report "E". The instruments themselves reserve to the holder of the easement "the full, free and unobstructed right of way and the full right of entry in and to the premises for the purpose of constructing, maintaining and repairing pipes" for conducting water for irrigation, domestic and other uses. Pumping plant rights as to Lots 61 and 62 (preliminary title report "C") have passed to the City of Los Angeles and it would seem to be advisable to determine to what extent such rights might now be exercised by the City in view of the location of certain plant facilities upon these lots; otherwise it appears that the rights created by these easements present no substantial risks as hereinafter indicated.

In addition to the above-mentioned easements held by Dominguez Water Corporation, in an instrument by which it quitclaimed to Defense Plant Corporation other interests in Lots 12 to 48, inclusive, and 54 to 69, inclusive, and 115, Dominguez Water Corporation set forth the following reservation:

"Excepting and reserving rights of way and easements for all water pipes and mains now existing in the said portion of the said tract, together with the right to maintain, repair and change the size of said pipes and mains and the right of ingress and egress to and from the same for said purposes, to the extent necessary to enable Grantor herein to serve water to properties contiguous to and adjoining the said portion of said tract, subject to the following express terms and conditions:

"The rights of way and easements for such water pipes and mains so excepted and reserved by Grantor may, at the option of Grantee, its successors or grantees, be relocated at locations to be approved by Grantor upon the land to be quitclaimed, or on adjacent or nearby land now owned or hereafter acquired by Grantee, provided that Grantee shall at all times and during the period of any such relocation provide Grantor, at Grantee's expense, rights of way, water pipes and mains similar to and substantially equivalent to those then existing;..."

The exercise of the rights so reserved apparently has not adversely affected operations on the plant sites.

Information as to the exact location of the Dominguez Water Corporation easements is not available to us, but Mr. Sheppard, Area Land Manager, advises us that our relations with Dominguez Water Corporation are such as to justify our assumption (without further investigation) of the risks incident to the existence of such easements, it being his view that any questions which might arise in the future with respect thereto could be satisfactorily adjusted between us without any substantial expense. He, accordingly, recommends that such risks be assumed.

III. PENDING ACTIONS

Preliminary Title Report "C" covering the northerly 100 feet of Lots 61 and 62 refers in Exemption No. 4 to a pending condemnation action brought by the City of Los Angeles to condemn portions of such lots for use in connection with an electrical transmission line. It is not clear from the statement in the title reports whether the action purports to condemn the fee interest or only an easement. Accordingly, although it is probable that the action seeks to condemn an easement only, unless the title company is prepared to set forth that fact with greater particularity, it will be necessary to examine the court proceedings and advise you later as to the effect thereof.

IV. MISCELLANEOUS TITLE PROBLEMS

Although they are not as likely to cause interference with operations as some of the other matters mentioned above, the following possible title defects should be considered:

1. FEET TITLE IN CITY OF LOS ANGELES:

Preliminary Title Report "I" indicates that title to the westerly 15 feet of Lot 56 is vested in the City of Los Angeles. There appear to be no facilities located upon this 15-foot strip and the absence of ownership thereof by the Reconstruction Finance Corporation should not adversely affect the plant operation.

Preliminary Title Report "J" reveals that title to the northerly 100 feet of Lots 12, 13, 36 and 37 is vested in the City of Los Angeles, apparently for use by the Department of Water and Power for electrical transmission purposes. According to Plat FT-6820 there are no plant site facilities located upon this 100-foot strip and presumably it will not interfere with plant operation.

2. POSSIBLE OUTSTANDING PEE INTEREST IN LOT 67:

Exception No.12 in Preliminary Title Report "B" refers to a conveyance of an undivided 1/4 interest in Lot 67 by a predecessor in interest of Reconstruction Finance Corporation after it had conveyed title to Reconstruction Finance Corporation. A quiet title action may be required to cure this title defect unless the title company is prepared to delete this exception.

3. OUTSTANDING MINERAL INTEREST AS TO LOT 115:

Exception No.14, Preliminary Title Report "B", refers to a possible outstanding 1/30th interest in the oil and gas rights in Lot 115. If it is desired to acquire all oil and gas rights in Lot 115, some curative work obviously is required with respect to this interest.

4. POSSIBLE OCCUPATION OF LOTS 61 AND 62:

As indicated in Exception No.10, Preliminary Title Report "C", one M. C. Lourenco at one time had the right to occupy portions of Lots 61 and 62 on a month to month basis. This right appears to be of little significance and the exception could presumably be eliminated upon a proper showing.

V. RECOMMENDATIONS

1. Arrangements should be made for payment of the delinquent taxes upon Lots 54 to 69, inclusive.

By reference to Preliminary Title Report "K" it will be observed that taxes for the fiscal year 1954-1955 in the amount of \$764,909.28 are now outstanding, and the first installment is now due and payable. It is not clear just what property these taxes cover and before any purchase transaction is consummated the possible tax liability should be finally determined.

2. By our letter to the title company of November 17, 1954, a copy of which is enclosed herewith, request has been made for supplemental title information with reference particularly to the street easements. The supplemental information should also include the title company's opinion as to insurability of title conveyed by Rubber Producing Facilities Disposal Commission pursuant to the act of 1953 (Public Law 205) as suggested in our letter of November 17th.

3. A further investigation should be made to determine whether the pumping plant rights of the City of Los Angeles, referred to in the third paragraph of the public utility easements portion of Section II above, may be exercised in such a manner as to interfere with the use of and operations on Lots 61 and 62.

4. The effect of the condemnation action referred to in Section III above as regards present and possible future uses of Lots 61 and 62 should also be considered. The letter of November 17, 1954 requests further information from the title company on this matter.

5. It is our understanding that in all probability the conveyance from the Rubber Producing Facilities Disposal Commission will be in the form of a quitclaim. As suggested in our letter to the title company we would like to have an opportunity to examine the proposed conveyance. We have in mind particularly that the conveyance should be sufficient to convey title not only to the plant sites themselves but also to all rights which Reconstruction Finance Corporation now has or may hereafter acquire in and to the lands described in the conveyance or any easements affecting the same. Accordingly, the conveyance should either expressly describe all such interests or contain an appropriate omnibus clause as well as an after-acquired title provision so that all easements, rights of way, possibilities of reverter and reversionary interests which are now vested in or may be hereafter acquired by Reconstruction Finance Corporation will pass by the deed.

6. We should be promptly advised as to any of the title risks (whether those relating to the easements or referred to in Section IV above, or otherwise) which Shell Chemical is not prepared to assume so that, as soon as complete information is available to us, we may review the situation and advise you what curative proceedings are required in order to eliminate or minimize such risks.

* * *

Since many of the title problems overlap we have not endeavored to discuss them by reference to each title report but rather by reference to categories. If you wish any greater particularity we shall appreciate your letting us know. Generally speaking, if we receive written confirmation from the title company of the matters upon which we now have oral assurances, it appears to us that there will be no substantial flaws in the over-all title picture and that, save for the few instances (referred to under IV above) in which title is not vested

in Reconstruction Finance Corporation, the only potential sources of difficulty would be from the public utility and other easements, excluding street easements, and it appears that interference therefrom is unlikely. From our present information, it further appears that the title company will be prepared to issue a satisfactory title insurance policy with liability in a substantial amount.

Original Signed by
D. C. C. H.

DSC:BW

Attachment

cc Shell Chemical (N.Y.-Mr. Brewer)
Shell Chemical (Torrance) ✓
Area Land